

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
MARCH 1, 1940

FEDERAL RESERVE BANK OF PHILADELPHIA

Business and Banking Conditions in the United States

In January and the first half of February industrial activity declined from the high level reached in the latter part of 1939. Retail trade, which had been in large volume, decreased more than seasonally, while merchandise exports were maintained.

Production. Volume of industrial production declined somewhat from December to January, and consequently the Board's index, which allows for a considerable seasonal increase, dropped sharply from the high level of 128 reached in December to 120 in January. Data available for the first half of February indicate a further sharp reduction in the index.

Steel ingot production, which had been above 90 per cent of capacity during most of the fourth quarter of 1939, has declined steadily since the turn of the year and by the middle of February was at about 69 per cent of capacity. Plate glass production, which also had reached high levels in the latter part of 1939, was reduced in January and lumber production showed a considerable decrease owing in part to unusually cold weather in the Southern regions. Automobile production

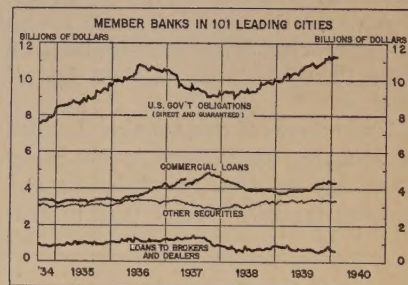
in January was larger than is usual at this season. In the latter part of the month, however, and in the first half of February, as retail sales of new cars declined seasonally and dealers' stocks, which had been lower than usual at the beginning of the year, rose rapidly, the output of cars declined. In the machinery industries activity was generally sustained at the advanced levels reached in December.

Output of cotton textiles in January continued at about the high rate of other recent months but production of woolen textiles declined further from the peak levels of October and November, and output of silk products remained in small volume. Activity at meat-packing establishments was maintained in January at the high level prevailing for several months. Coal production rose sharply, following a marked reduction in December, and was at about the high level reached last October. Output of crude petroleum continued in large volume.

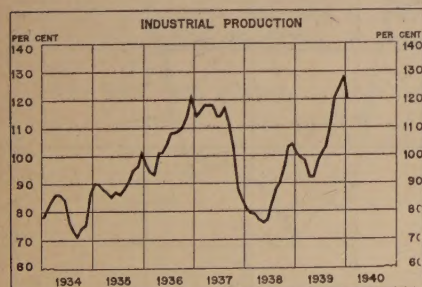
Value of contracts awarded for both public and private construction declined considerably in January, according to reports of the F. W. Dodge

Corporation. Awards for private residential building showed a greater than seasonal reduction and were lower than the level prevailing a year ago. Contracts for other private work declined somewhat but remained in larger volume than in the corresponding period last year.

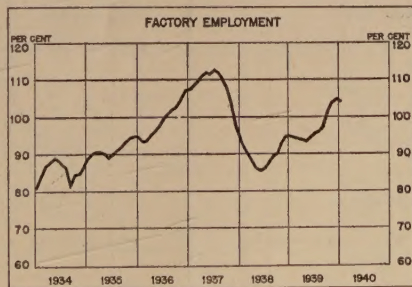
Employment. Factory employment and payrolls, which had risen sharply during the latter half of 1939, declined by somewhat more than the usual seasonal amount from the middle of December to the middle of January, according to reports from leading industrial states.



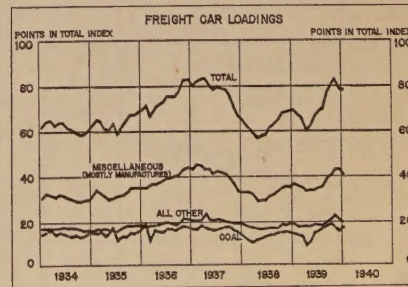
Wednesday figures, September 5, 1934, to February 7, 1940. Commercial loans based on new classification beginning May 19, 1937.



Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to January 1940.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to January 1940.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. Miscellaneous, coal, and all other expressed in terms of points in the total index. By months, January 1934 to January 1940.

Distribution. Sales at department stores, variety stores, and mail-order houses in January declined more than seasonally from the high level of December. Total freight-car loadings showed a seasonal decline; shipments of miscellaneous freight and grain decreased, while coal loadings increased considerably.

Foreign trade. Exports of United States merchandise, which usually decline in January, were maintained this year at the high level reached in December. Shipments of cotton, which have been large in recent months, rose further, while exports of many industrial products declined. Exports to the

United Kingdom increased sharply, owing mainly to larger cotton shipments.

Reflecting principally acquisitions of foreign gold, the country's monetary gold stock increased by \$287,000,000 during January and by \$132,000,000 in the first two weeks of February.

Commodity prices. Prices of copper, lead, and silk showed marked declines from the middle of January to the middle of February and there were smaller decreases in prices of some other basic industrial materials, such as steel scrap, wool, and textile yarns. Prices of foodstuffs, on the other hand, showed little change in this period.

Government security market. Prices of United States Government securities declined slightly during the latter half of January from the recovery peak reached early in the month but regained part of these losses during the first half of February.

Bank credit. Total loans and investments at reporting member banks in 101 leading cities rose during the five weeks ending February 7 as a result of increases in holdings of government securities at New York City banks. Loans to security brokers and dealers and commercial loans declined. Demand deposits continued to increase during the period.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial activity in the Third Federal Reserve District has declined since December, following an uninterrupted expansion during the preceding seven months. Production in January decreased about 5 per cent from the December level which was the highest in two and one-half years, but it was 16 per cent larger than a year ago.

The decline in the first month of 1940 reflected larger than customary reductions in the output of manufactured goods and crude oil. Production of bituminous coal continued at the December level, although some expansion was to be expected, while output of anthracite increased substantially more than was usual at that time of year.

The volume of construction declined in January, when there is ordinarily no change from the month before, and was substantially smaller than in Jan-

uary 1939. Building activity has decreased sharply from the nine-year peak reached last summer.

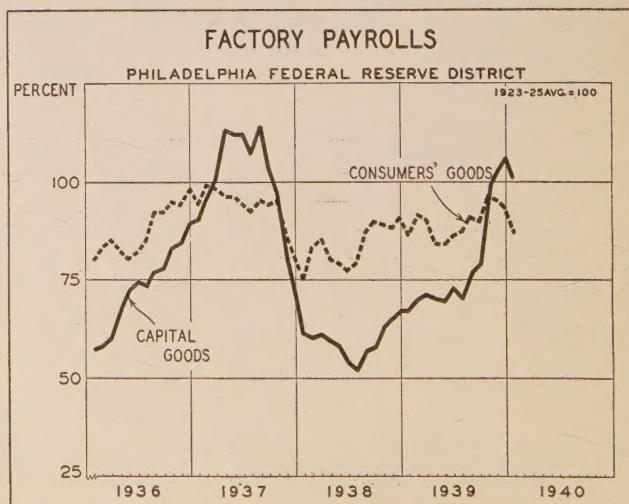
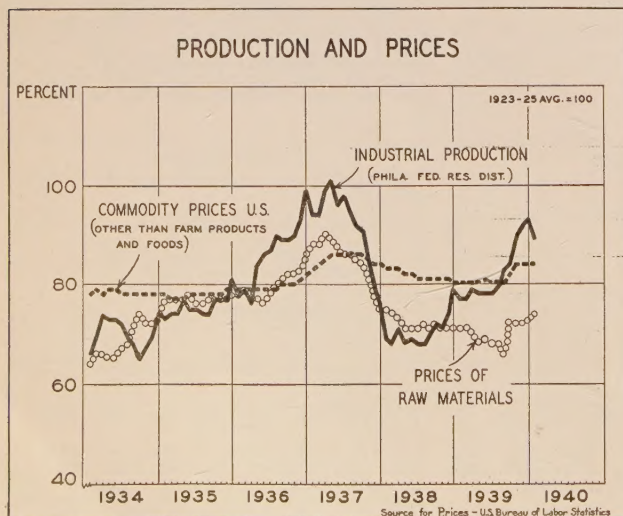
Employment in twelve lines of trade and industry in Pennsylvania declined 8 per cent from December to January, and payrolls were reduced 5 per cent. The number of workers and the volume of wages paid in January, however, were well above a year earlier and, except for the last quarter of 1939, were the highest since the fall of 1937.

The distribution of commodities was less active than was to be expected in January. The volume of freight-car loadings and retail sales declined more than seasonally, and purchases at wholesale were smaller than in December. Inventories increased at wholesale establishments and were reduced slightly less than usual at retail stores. Stocks are generally larger than in

early 1939 but still appear low in relation to the volume of trade.

Prices of both crude and manufactured materials are lower than at the turn of the year. Some firmness appeared in February in the prices of staple agricultural goods. The general index of wholesale prices of 813 commodities, compiled by the United States Bureau of Labor Statistics, in the week ended February 17 was 78.3 per cent of the 1926 average, the lowest since the beginning of September, and compared with 79.4 at the end of December and 76.6 in the middle of February 1939.

Manufacturing. The demand for goods manufactured in this district continues quiet. The volume of inquiries received by producers in the first half of February was smaller than a month earlier in all reporting



lines. Sales also declined and, except in the case of steel, were somewhat below the level a year ago. Prices of factory products show weakness but continue higher than in the first eight months of 1939.

The volume of specifications on the orders placed last fall is still moderately large and cancellations have been few. As shipments are exceeding new orders, backlogs have declined further and are now below a year ago, except in the steel industry.

Plant operations have receded further since the turn of the year. At iron and steel mills, activity continues substantially above the relatively low levels prevailing in January and February a year ago, but at textile plants operations appear to be somewhat lower than last year. Reflecting the reduction in operating rates, industrial purchases of equipment seem to have declined slightly during February, following a period of active buying in the preceding three months. A moderate amount of plant expansion is still in evidence but not to the same extent as in December.

Inventories of finished goods at reporting factories increased slightly from the middle of January to the middle of February but continued smaller than a year ago. Stocks of raw materials at plants showed little change in the month and were about the same as in early 1939 except at textile mills, where some increase was reported in the year.

Employment and payrolls at Pennsylvania factories declined about seasonally in January, and preliminary reports indicate that the usual improvement was not apparent in February.

The number of wage earners decreased 2 per cent in January to an estimated 903,000 or 14 per cent more than in January 1939 and 23 per cent above the low in the summer of 1938. Wage disbursements were reduced 5 per cent in the month to about \$21,800,000 a week, which was 27 per cent more than the amount paid a year earlier and over 50 per cent more than in July 1938.

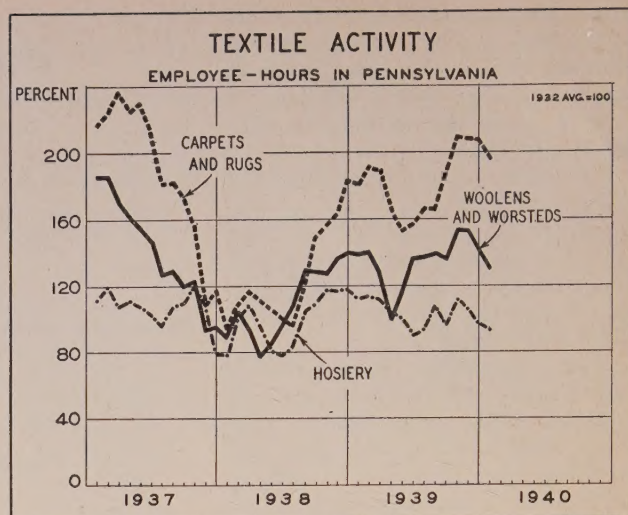
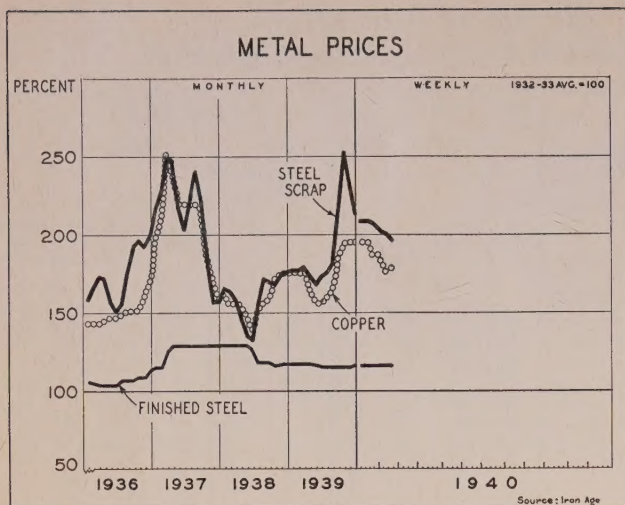
Wage payments in January declined 6 per cent at plants producing nondurable goods; in the durable goods industries the reduction amounted to 5 per cent. At plants manufacturing metal products, payrolls declined about 5 per cent, reflecting substantial reductions at steel works and rolling mills and in several nonferrous metal lines. Activity at foundries, forges, and at establishments producing such finished

Business Indicators Philadelphia Federal Reserve District

	Index numbers: percentages of the 1923-1925 average as 100									
	Adjusted for seasonal variation					Not adjusted				
	Jan. 1939	Nov. 1939	Dec. 1939	Jan. 1940	Per cent change		Jan. 1939	Nov. 1939	Dec. 1939	Jan. 1940
					Jan. 1940 from					
					Month ago	Year ago				
Industrial production	77	92	93	89p	- 5	+16	76	94r	90	88p
Manufacturing—total.....	74	91r	92	86p	- 7	+17	73	92	89	84p
Durable goods.....	65	98	101	95p	- 5	+48				
Consumers' goods.....	83	90r	92	84p	- 8	+ 1				
Metal products.....	64r	100	106r	99	- 6	+56	61	99	101r	95
Textile products.....	80	87r	89	76p	-15	- 5	82	91r	85	77p
Transportation equipment.....	69	101	97	97	+ 0	+40	69	97	98	97
Food products.....	76	79	78	78p	+ 1	+ 3	75	80	77	77p
Tobacco and products.....	88	94	106	110	+ 4	+25	73	112	77	91
Building materials.....	29	48	46r	39	-16	+34	25	47	42r	33
Chemicals and products.....	114	133	137	130p	- 5	+14	111	134	135	127p
Leather and products.....	109	122	116	106p	- 9	- 3	113	116	109	110p
Paper and printing.....	84	89	92	88	- 5	+ 5	84	90	93	88
Coal mining.....	68	63	61	74p	+22	+10	73	66	60	81p
Anthracite.....	69	60	59	75p	+27	+ 9	74	62	58	81p
Bituminous.....	59r	86	76	70	- 8	+20	67r	95	80	80
Crude oil.....	426	482	479	449	- 6	+ 5	409	468	450	431
Electric power										
Output.....	246	272	269	275	+ 2	+12	261	283	288	292
Sales, total.....	249	276	267	281	+ 5	+13	257	284	275	289
Sales to industries.....	175	194	204	192	- 6	+10	169	198	194	186
Employment and wages—Pa.										
Factory—Wage earners.....					- 2*	+14*	79r	92	91	89
Payrolls.....					- 5*	+27*	67r	90	90	85
Man-hours (1927-28=100).....					- 5*	+33*	64	89	90r	85
General (1932=100)										
Employment.....					- 8*	+ 8*	103r	117	121	111
Payrolls.....					- 5*	+20*	135r	171	171	161
Building and real estate										
Contracts awarded—total.....	58r	59r	53r	47	- 11	-19	64	64	59	52
Residential.....	50r	57r	52r	51	- 2	+ 3	41	64	51	42
Nonresidential.....	67r	46r	45r	40	-10	-40	73	46	49	44
Public works and utilities.....	86r	92r	85r	78	- 9	-10	110	106	103	100
Permits for building—17 cities.....	43	33	19	23	+24	-46	24	31	13	13
Real estate deeds—Philadelphia.....	47	54	50	55	+ 9	+18	50	53	61	59
Writs for Sheriff sales—Phila.....	214	264	287	212	-26	- 1	246	296	293	244
Distribution										
Retail trade—sales.....	80	88	89	86p	- 4	+ 6	58	103	146	62p
stocks.....	76	80	77	77p	+ 1	+ 2	70	89	72	71p
Wholesale trade—sales.....					- 8*	+13*				
stocks.....					- 4*	+ 6*				
Life insurance sales.....	127	90	84	93	+10	-27	113	95	89	83
New passenger auto. registrations.....					- 7*	+55*	73	113	122	113
Hotels—Occupancy..... (1934=100)					+12*	+ 2*	117r	116	105	118p
Income, total..... (1934=100)					- 6*	+ 1*	128r	129	137	129p
Freight-car loadings—total.....	64	83	84	81	- 3	+27	57	83	73	70
Merchandise and miscellaneous.....	64	81	84	81	- 5	+26	55	80	73	69
Coal.....	63	75	71	76	+ 7	+19	68	82	75	81
Business liquidations										
Number.....					+23*	-10*	95	89r	69r	85
Amount of liabilities.....					+153*	+57*	22	20	14	35
Payment of accounts										
Check payments.....	82	85	104	93	-10	+13	84	91	112	95
Rate of collections (actual)										
Retail trade.....	30	35	30	31	+ 2	+ 2	35	36	30	36
Prices—United States										
Wholesale (1926=100).....					+ 0*	+ 3*	77	79	79	79
Farm products.....					+ 2*	+ 3*	67	67	68	69
Food.....					+ 0*	+ 0*	71	72	72	72
Other commodities.....					+ 0*	+ 5*	80	84	84	84
RETAIL FOOD					+ 0*	+ 1*	77	78	77	77
Philadelphia.....					+ 2*	+ 2*	78	78	78	77
Seranton.....					+ 1*	+ 2*	74	75	74	75

(In millions of dollars)	Jan. 1939	Oct. 1939	Nov. 1939	Dec. 1939	Jan. 1940	% change from	
						Month ago	Year ago
Banking and credit							
Federal Reserve Bank.....							
Bills discounted.....	\$1.2	\$0.4	\$0.4	\$0.7	\$0.7	0	-42
Other bills and securities.....	210	241	231	218	207	-5	-1
Member bank reserves.....	401	572	598	588	618	+5	+54
Reserve ratio (per cent).....	76.0	77.3	79.6	81.0	82.4	+2	+ 8
Reporting member banks							
Loans.....	\$397	\$409	\$413	\$418	\$414	-1	+ 4
Investments.....	713	719	725	728	745	+2	+ 4
Bankers' acceptances outstanding.....	10.0	9.0	10.2	10.1	10.0	-1	0

* Computed from data unadjusted for seasonal variation. p—Preliminary. r—Revised.
 † 3-month moving daily average centered at 3rd month (seasonal factors revised).
 ‡ Not included in production index.



goods as structural steel, electrical apparatus, engines and pumps, and stoves and furnaces was well sustained.

In the transportation equipment industry, where activity increased sharply throughout 1939, substantial declines were reported at railroad repair shops and automobile and truck factories. Other lines were well sustained, particularly shipbuilding, where an expansion was reported instead of the customary large contraction.

Wage disbursements at textile and clothing mills in January showed the usual decline of about 8 per cent. Unusually large decreases were reported in the case of cotton goods, woollens and worsteds, silk goods, and textile dyeing and finishing.

Among other major industry groups, wage payments were well maintained at plants producing chemicals, and stone, clay and glass products and expanded at factories producing leather goods.

Average hourly earnings of Pennsylvania factory workers advanced fractionally in January to a new high of 71½ cents, substantially above 1929 and about 2 cents an hour above January 1939. Average working time per week, however, declined to slightly over 37 hours, so that weekly wages were reduced 86 cents to \$26.50 or about \$2.50 a week more than a year earlier.

The number of wage earners in Delaware factories declined 1 per cent in January but was 9 per cent above a year earlier. Wage payments were reduced 4 per cent to a level 11 per cent above January 1939. Decreases were shown in all reporting lines, the sharpest being in paper and printing, lumber, and textiles.

In Southern New Jersey employment declined 5 per cent and payrolls

7 per cent from December but were 19 and 32 per cent respectively above a year ago.

Manufacturing activity in this district in January declined 7 per cent on a seasonally adjusted basis from the two and one-half year peak reached in December but was still 17 per cent above January 1939. The decline reflected primarily a sharper than seasonal contraction of 8 per cent in the output of nondurable goods which receded to a level only 1 per cent above a year earlier. Production of durable goods declined 5 per cent but was still 48 per cent above January a year ago.

The largest declines among the major industry groups, after allowing for seasonal change, were in the output of building materials and textile products. Transportation equipment, foods, and tobacco were the only groups to show improvement from December to January.

The output of electric power increased 2 per cent more than usual in January and was 12 per cent above January 1939. Total sales increased 5 per cent on an adjusted basis, while sales to industry declined 6 per cent more than was to be expected. Total sales and sales to industry respectively were 13 and 10 per cent above the levels a year ago.

Coal and other fuels. The market for anthracite continues moderately active and substantial stocks accumulated in the latter part of 1939 have been largely worked off. Consumption of anthracite by householders has been stimulated by continued cold weather, and sales during most of February were above the levels of a year earlier. Prices generally have been firm since the turn of the year.

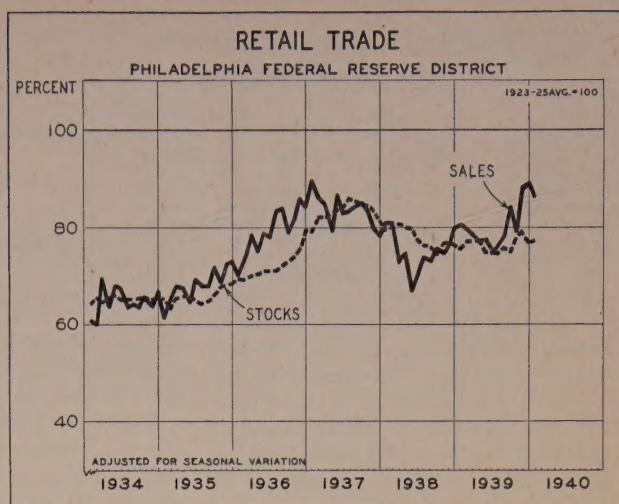
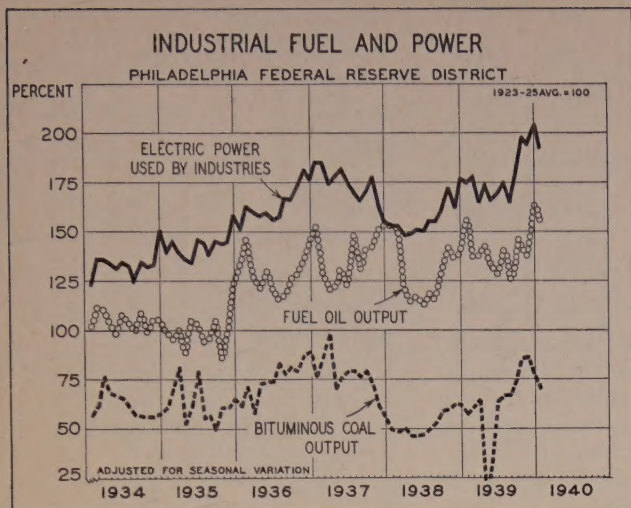
Production of anthracite in January expanded sharply from the unusually low level of last December to 5,600,000 tons, the largest for that month since 1935. But in the first half of February output was again curtailed considerably and was much smaller than in the same period last year. Shipments of anthracite in January were the largest in nearly three years, averaging 4,400 cars a day as against 3,300 in December and about 4,000 a year ago.

Demand for Pennsylvania bituminous coal decreased somewhat during February, reflecting smaller takings by manufacturing plants, railroads, and public utility companies. Aggregate sales to industrial consumers, however, remained well above the levels of early 1939.

Colliery output failed to improve seasonally in January, but was 20 per cent greater than in the same month last year. Further reductions were reported in the first half of February. Shipments of soft coal increased sharply in January, following substantial declines in the two preceding months and, with the exception of last October, were the heaviest since early 1937.

Production of by-product coke decreased slightly in January. The output of gas and fuel oils also was less than in December. Activity at coke ovens was maintained at a substantially higher rate than in January 1939, but operations at oil refineries were somewhat lower.

Building. Construction activity in this district decreased sharply in January, continuing the downward trend that began last fall. Operations on contracts previously awarded were be-



low the level of a year ago and the smallest for any January since 1935. The recent recession has been due largely to decreased activity in residential building, which last year reached the highest level since 1929.

New awards of construction contracts in January approximated \$12,000,000, or 14 per cent less than in December and 15 per cent below a year ago. These decreases reflected sharp reductions in the value of contracts awarded for family houses and all classes of nonresidential buildings except factories. Expansion of industrial plants began to increase last fall, and in January the value of awards for factory construction was 64 per cent above December and over 40 per cent above January 1939. Awards for multiple-family dwellings more than doubled in January and exceeded the same month last year. Contracts for public works and utilities continued at about the December level but were one-third greater than in January 1939.

tions since the substantial advances reported in the first few weeks of the war.

Distribution. Retail trade sales in the Philadelphia District in January declined 4 per cent more than usual from the three-year peak reached the month before. Preliminary reports indicate that the volume of business showed little improvement in February, owing in part to unusually severe weather. The largest decline from December to January was 20 per cent at shoe stores. Sales by department stores decreased 6 per cent in the month, while consumer purchases of men's and women's apparel were better sustained. The most favorable reports for the month were again received from credit stores, where the index of sales of such durable consumers' goods as refrigerators, radios, and other household equipment increased 5 per cent to the highest level since the same month of 1937. These comparisons are made on the basis of figures which are adjusted for the usual seasonal changes and the number of trading days.

Compared with January 1939, total retail sales showed an improvement of 6 per cent, gains over a year ago being reported in all lines except shoes. Sales by credit stores were 12 per cent above last year.

Inventories at retail establishments declined 1 per cent less than seasonally from December to January but were only 2 per cent larger than in January 1939. All types of reporting establishments showed increases over a year earlier, ranging from 1 per cent at shoe stores to 5 per cent at credit stores.

Wholesale trade sales declined 8 per

cent in January, the sharpest reduction being in the case of jewelry, where post-Christmas business is especially dull. The volume of sales of footwear was about unchanged in the month, while drug and grocery establishments reported increases. Compared with a year ago, sales at wholesale were 13 per cent higher. Inventories at wholesale establishments increased 4 per cent from December to January and were 6 per cent larger than January 1939.

Shipments by rail freight declined 3 per cent more than usual in the Allegheny District in January, as the movement of all types of products except coal showed larger than seasonal contractions. Shipments of merchandise and miscellaneous goods, accounting for about two-thirds of total freight moved in this area, decreased 5 per cent more than seasonally, while coal loadings, representing nearly one-quarter of the total, increased 7 per cent more than was to be expected. The sharpest declines on an adjusted basis were in shipments of grain and ore.

Car loadings of roads in the Philadelphia area also declined more than usual in January. Shipments, comprising chiefly manufactured goods, were well sustained in the first two weeks of February, but a sharp reduction was reported here as in other parts of the country in the third week, owing largely to severe snowstorms.

Sales of new passenger automobiles in January were 7 per cent less than in the preceding month but 55 per cent above January 1939. Preliminary reports indicate that sales were well sustained in February.

Total revenue of nonresort hotels declined 6 per cent in January but was 1 per cent above a year ago.

Building contracts Philadelphia Federal Reserve District	Jan. 1940 (000's omitted)	Per cent change	
		From month ago	From year ago
Residential.....	\$ 3,827	- 8	-12
Apts. and hotels.....	1,881	+133	+23
Family houses.....	1,946	- 42	-31
Nonresidential.....	3,366	- 32	-45
Commercial.....	1,202	- 11	-45
Factories.....	1,259	+ 64	+43
Educational.....	97	- 87	-75
All other.....	808	- 62	-70
Total buildings.....	\$ 7,193	- 21	-32
Public works and utilities	4,945	- 1	+33
Grand total.....	\$12,138	- 14	-15

Source: F. W. Dodge Corporation.

Wholesale prices of building materials have shown only minor fluctua-

Hotel business Philadelphia Federal Reserve District	Jan. per cent change from	
	Month ago	Year ago
Capacity.....	- 0	-0
Room occupancy.....	+12	+2
Per cent of capacity used:		
Jan. 1940.....	52.6	
Dec. 1939.....	46.9	
Jan. 1939.....	51.4	
Revenue from:		
Guest rooms.....	+ 8	+1
Food.....	- 8	+2
Other sources.....	-19	-0
Total revenue.....	- 6	+1

Banking conditions. Loans at reporting banks have increased in the past month, but holdings of securities have been reduced. Deposits have decreased further from the peak level of early January. The reserves of all member banks in this district also declined, but the average of \$604,000,000 in the first half of February was still nearly half again as large as a year earlier and \$297,000,000 or 96 per cent in excess of requirements.

Member bank reserves (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of ex- cess to re- quired
Philadelphia banks:				
1940—Jan. 1-15	\$446.2	\$212.3	\$233.9	110%
Jan. 16-31	444.5	212.6	231.9	109 "
Feb. 1-15	429.9	211.5	218.4	103 "
1939—Feb. 1-15	260.7	176.3	84.4	48 "
Country banks:				
1940—Jan. 1-15	175.7	97.8	77.9	80 "
Jan. 16-31	170.5	96.6	73.9	77 "
Feb. 1-15	174.4	96.2	78.2	81 "
1939—Feb. 1-15	146.1	95.1	51.0	54 "

Member bank reserves declined \$12,500,000 in the four weeks ended February 21 to \$595,500,000. The decrease reflected a seasonal upturn of approximately \$11,600,000 in currency demand, the absorption of over \$10,000,000 by Treasury operations, and the movement of funds into miscellaneous deposits at the Federal Reserve Bank. These influences were offset in part by substantial gains in commercial and financial transactions with other districts. The excess of Treasury receipts over disbursements was due chiefly to quarterly installments on Social Security taxes, large transfers of unemployment trust funds to the government for investment, and sales of savings bonds.

Credit extended by this bank was virtually unchanged in the past month, following a decline in holdings of governments during the preceding month resulting from System sales of securities and a reduction in the proportion of the Investment Account allotted to this bank. Outstanding industrial ad-

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	Feb. 21, 1940	Changes in—	
		Four weeks	One year
Bills discounted.....	\$0.6	-\$0.1	-\$0.6
Bills bought.....			- 0.1
Industrial advances.....	3.1	- 0.0	+ 0.2
U. S. securities.....	203.2		- 2.7
Total.....	\$206.9	-\$0.1	-\$3.1
Note circulation.....	345.4	+ 3.1	+ 28.3
Member bank deposits.....	595.5	-12.5	+200.3
U. S. general account.....	44.3	+ 1.6	- 22.3
Foreign bank deposits.....	35.2	- 5.3	+ 13.2
Other deposits.....	26.3	+ 9.2	+ 18.9
Total reserves.....	\$60.4	- 3.1	+238.5
Reserve ratio.....	82.2%		+ 5.2%

vances of \$3,100,000 were slightly larger than a year ago, but discounts for member banks have declined.

The volume of commercial loans at reporting banks has increased \$5,000,000 in the past four weeks and on a comparable basis is close to the high point of 1939. Increases also were reported in holdings of open market paper and in miscellaneous loans, with the result that total loans expanded \$9,000,000 to \$421,000,000. In the corresponding periods of the three preceding years the volume of commercial loans showed little or no change.

Investments, on the other hand, were reduced by \$15,000,000 to \$742,000,000. Holdings of direct governments, following an advance to a record level early in February, turned downward and for the four weeks as a whole show a decline of \$2,000,000. The investment in guaranteed obligations was reduced by the same amount, and holdings in the corporate and municipal groups decreased \$11,000,000 to approximately the amount held at the end of last year.

Balances held for other banks recently have been at peak levels. Adjusted demand deposits, however, have declined considerably in the past four weeks, partly as a result of Social Security taxes and transfers of unemployment trust funds.

Aggregate deposits at all member banks in this district were at a new high average of \$3,197,000,000 in the first half of January, and a month later,

Reporting member banks (000,000's omitted)	Feb. 21, 1940	Changes in—	
		Four weeks	One year*
Assets			
Commercial loans.....	\$ 196	+\$ 5	+\$20
Open market paper.....	25	+ 2	+ 2
Loans to brokers, etc.....	24	+ 1	+ 4
Other loans to carry secur..	31	- 1	- 1
Loans on real estate.....	50	.....	+ 2
Loans to banks.....	1	.....	.....
Other loans.....	94	+ 2	- 3
Total loans.....	\$ 421	+\$ 9	+\$24
Government securities.....	\$ 370	-\$ 2	+\$ 9
Obligations fully guar'teed.	99	- 2	+ 7
Other securities.....	273	- 11	+ 9
Total investments.....	\$ 742	-\$15	+\$25
Total loans & investments	\$1,163	-\$ 6	+\$49
Reserve with F. R. Bank.....	437	- 11	.....
Cash in vault.....	20	+ 1	.....
Balances with other banks.	227	.....	.....
Other assets—net.....	86	- 2	.....
Liabilities			
Demand deposits, adjusted.	\$ 943	-\$21	.....
Time deposits.....	262	+ 1	.....
U. S. Government deposits.	54	.....	.....
Interbank deposits.....	444	+ 3	.....
Borrowings.....	.....	.....	.....
Other liabilities.....	15	- 2	.....
Capital account.....	215	+ 1	.....

* Adjusted for changes in reporting banks to preserve comparability.

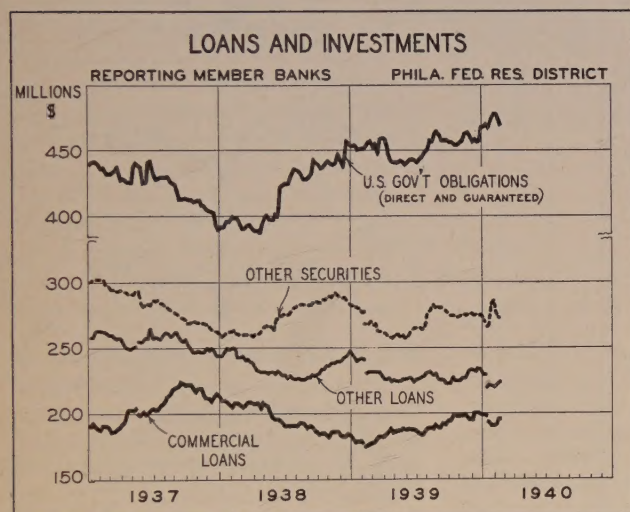
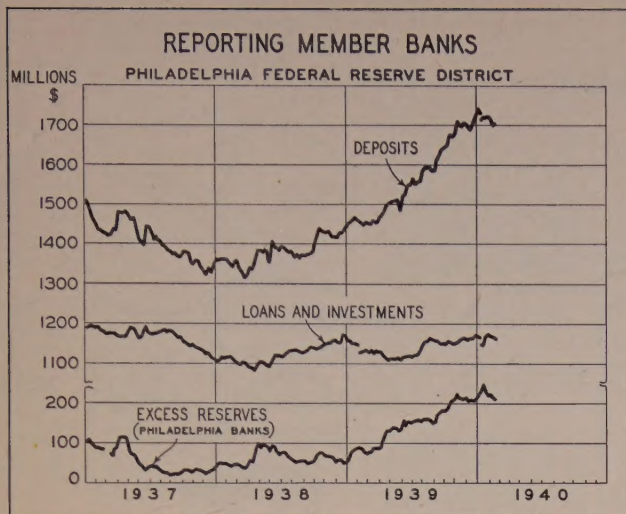
despite a decrease of \$30,000,000, were still \$325,000,000 larger than a year ago. Increases in the past year have been greatest in the larger cities. Philadelphia banks showed an expansion of \$238,000,000 or 17 per cent, and banks in other cities with populations of 15,000 or more reported a gain of \$60,000,000 or 8 per cent; institutions in smaller cities and towns showed an increase of only \$27,000,000 or 4 per cent.

At the close of 1939 member banks in this district had \$2,342,000,000 of credit outstanding, loans comprising 41 per cent, obligations of the United States government 33 per cent, and corporate and municipal securities 26 per cent. In the course of the year loans expanded \$14,000,000 at Philadelphia banks and \$26,000,000 at country banks. Banks in Philadelphia also showed an increase of \$15,000,000 in security holdings, while other members reduced their investments by \$40,000,000, reflecting chiefly the sale of corporate bonds.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ending—				Changes in four weeks*
	Jan. 31	Feb. 7	Feb. 14	Feb. 21	
Sources of funds:					
Reserve bank credit extended in district.....	-2.1	- 1.6	+ 2.0	+0.8	- 0.9
Commercial transfers (chiefly interdistrict).....	-5.9	+15.3	+ 8.3	+1.6	+19.3
Treasury operations.....	+2.6	+ 3.2	-14.8	-1.3	-10.3
Total.....	-5.4	+16.9	- 4.5	+1.1	+ 8.1
Uses of funds:					
Currency demand.....	+0.8	+ 1.7	+ 5.5	+3.6	+11.6
Member bank reserve deposits.....	-7.1	+ 6.7	- 9.8	-2.3	-12.5
"Other deposits" at reserve bank.....	+0.9	+ 8.5	- 0.0	-0.2	+ 9.2
Other Federal Reserve accounts.....	-0.0	+ 0.0	- 0.2	-0.0	- 0.2
Total.....	-5.4	+16.9	- 4.5	+1.1	+ 8.1

* Preliminary.



City areas*	Percentage change—January 1940 from January 1939				
	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.....	+20	+31	+ 9	+15	+16
Altoona.....	+25	+27	- 27	- 3	+ 8
Harrisburg.....	+21	+38	+ 150	+ 5	+ 8
Johnstown.....	+43	+74	+1539	+19	+12
Lancaster.....	+ 8	+ 9	- 48	+ 2	+ 5
Philadelphia.....	+ 8	+15	- 51	+19	+ 4
Reading.....	+ 5	+ 8	+ 109	+19	+ 7
Scranton.....	- 4	+ 3	+ 721	+12	- 1
Trenton.....	+15	+27	- 89	+26	+18
Wilkes-Barre.....	+13	+29	- 51	+ 4	+ 8
Williamsport.....	+ 4	+ 3	+ 9	+17	.....
Wilmington.....	+11	+13	- 53	+22	+ 9
York.....	+24	+37	- 79	+14	+ 9

January 1940 from December 1939					
Allentown.....	- 4	- 9	+ 82	- 4	-62
Altoona.....	+ 2	- 5	+ 21	- 7	-63
Harrisburg.....	- 2	-10	+ 316	- 9	-61
Johnstown.....	- 1	- 2	+ 808	-11	-66
Lancaster.....	- 2	- 5	+ 46	- 6	-61
Philadelphia.....	- 1	- 2	+ 28	- 6	-60
Reading.....	- 5	- 9	+ 77	- 9	-62
Scranton.....	- 5	-11	- 2	- 2	-64
Trenton.....	- 7	- 8	- 67	-27	-66
Wilkes-Barre.....	- 2	- 3	- 48	-13	-61
Williamsport.....	- 4	- 7	- 35	- 7	.....
Wilmington.....	- 1	- 4	- 82	-35	-62
York.....	-10	-11	- 45	-12	-65

* Area not restricted to the corporate limits of cities given here.

Employment and Payrolls in Pennsylvania

(All figures are rounded from original data.)

Manufacturing Indexes

	Employment*			Payrolls*			Employee-hours†	
	Jan. 1940 index	Per cent change from		Jan. 1940 index	Per cent change from		Jan. 1940—per cent change from	
		Dec. 1939	Jan. 1939		Dec. 1939	Jan. 1939	Dec. 1939	Jan. 1939
All manufacturing.....	89	-2	+14	85	-5	+27	-5	+33
Iron, steel and products.....	85	-1	+30	109	-5	+51	-4	+49
Non-ferrous metal prods.....	125	+0	+24	151	-5	+34	-5	+37
Transportation equip.....	64	-4	+23	65	-4	+26	-4	+27
Textiles and clothing.....	91	-4	- 4	80	-8	- 6	-8	- 2
Textiles.....	86	-5	- 6	77	-8	- 6	-8	- 3
Clothing.....	115	-3	+ 3	99	-8	+ 6	-9	+ 3
Food products.....	104	-3	+ 3	106	-6	+ 4	-8	+ 4
Stone, clay and glass.....	79	-5	+19	78	-7	+25	-9	+31
Lumber products.....	60	-7	+18	52	-16	+25	-15	+18
Chemicals and products.....	94	-1	+15	104	-3	+20	-2	+27
Leather and products.....	91	+2	- 0	89	+4	- 1	+0	- 3
Paper and printing.....	98	-3	+ 6	103	-6	+ 9	-7	+ 8
Printing.....	90	-2	+ 2	96	-5	+ 6	-6	+ 3
Others:								
Cigars and tobacco.....	60	-6	+24	51	-8	+51	-8	+59
Rubber tires, goods.....	84	-3	+ 5	86	-12	- 3	-13	- 2
Musical instruments.....	62	+0	+14	73	-2	+33	-1	+26

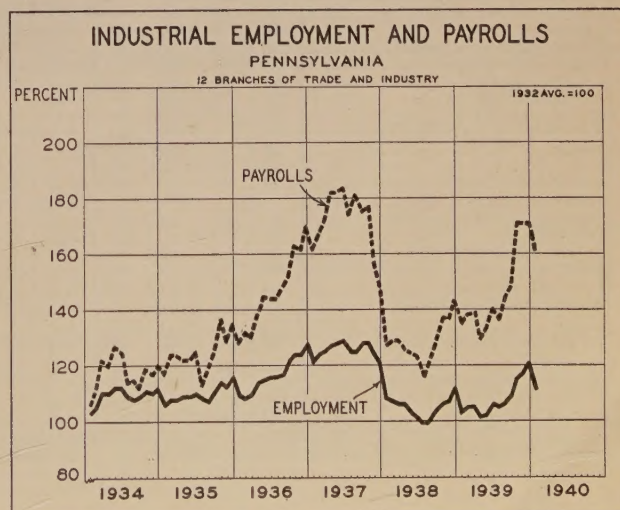
* Figures from 2434 plants.

† Figures from 2186 plants.

General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Jan. 1940 index	Per cent change from		Jan. 1940 index	Per cent change from	
		Dec. 1939	Jan. 1939		Dec. 1939	Jan. 1939
General index (weighted).....	111	- 8	+ 8	161	- 5	+20
Manufacturing.....	139	- 2	+14	209	- 5	+27
Anthracite mining.....	68	+ 1	+ 1	89	+97	+37
Bituminous coal mining.....	107	- 4	+ 4	220	- 0	+17
Building and construction.....	40	-18	-17	55	-20	-15
Quarrying and non-met. mining.....	88	-17	+ 8	159	-22	+23
Crude petroleum producing.....	137	+ 3	+ 4	161	+ 3	+ 9
Public utilities.....	95	- 1	+ 3	106	- 1	+ 4
Retail trade.....	99	-30	- 0	118	-26	+ 1
Wholesale trade.....	118	+ 1	+ 3	121	- 3	+ 4
Hotels.....	102	+ 0	- 6	118	- 0	- 2
Laundries.....	99	- 0	+ 5	126	- 1	+ 6
Dyeing and cleaning.....	89	- 5	- 3	101	- 7	- 3



Index numbers of individual lines of trade and manufactures

Philadelphia Federal Reserve District

	Index numbers: percentages of the 1923-1925 average as 100									
	Adjusted for seasonal variation					Not adjusted				
	Jan. 1939	Nov. 1939	Dec. 1939	Jan. 1940	Per cent change		Jan. 1939	Nov. 1939	Dec. 1939	Jan. 1940
					Jan. 1940 from					
					Month ago	Year ago				
Retail trade										
Sales										
Total of all stores.....	80	88	89	86p	- 4	+ 6	58	103	146	62p
Department.....	68	78	76	72p	- 6	+ 6	49	95	139	52p
Men's apparel.....	76	81	84	83p	- 1	+ 9	69	89	142	76p
Women's apparel.....	101	102	106	102	- 3	+ 2	83	115	161	84
Shoe.....	80	93	98	78	-20	- 3	61	90	117	59
Credit.....	102	107	109	114	+ 5	+ 12	58	130	172	65
Stocks of goods										
Total of all stores.....	76	80	77	77p	+ 1	+ 2	70	89	72	71p
Department.....	50	54	51	51p	- 1	+ 2	45	63	47	46p
Women's apparel.....	101	108	109	104	- 4	+ 3	90	127	100r	92
Shoe.....	68	66	65	69	+ 5	+ 1	61	70	61	62
Credit.....	98	106	103	103	+ 0	+ 5	93	117	95	98
Rate of stock turnover										
Monthly turnover on annual basis (actual, not indexes).....						+ 5	3.50			3.69
Wholesale trade										
Sales										
Total of all lines.....					- 8*	+ 13*				
Boots and shoes.....					+ 0*	- 4*				
Drugs.....					+ 11*	+ 7*				
Dry goods.....					- 10*	+ 14*				
Electrical supplies.....					- 16*	+ 29*				
Groceries.....					+ 4*	+ 1*				
Hardware.....					- 17*	+ 21*				
Jewelry.....					- 76*	+ 38*				
Paper.....					- 10*	+ 17*				
Stocks of goods										
Total of all lines.....					+ 4*	+ 6*				
Dry goods.....					+ 1*	- 8*				
Electrical supplies.....					+ 20*	+ 32*				
Groceries.....					+ 2*	+ 7*				
Hardware.....					+ 5*	+ 13*				
Jewelry.....					- 2*	- 8*				
Paper.....					+ 4*	+ 22*				
Output of manufactures										
Pig iron.....	41	80	77	81	+ 5	+ 98	40	81	76	78
Steel.....	62r	102	107r	98	- 8	+ 60	60r	98	101r	96
Iron castings.....	52	57	76	80	+ 5	+ 54	47	59	70	73
Steel castings.....	72	144	116	87	-25	+ 21	76	134	111	92
Electrical apparatus.....	72	96	106r	107	+ 0	+ 49	67	102	103r	100
Motor vehicles.....	19	20	25	22	- 14	+ 15	17	18	20	19
Automobile parts and bodies.....	62	96	81	78	- 3	+ 26	62	88	79	78
Locomotives and cars.....	14	33	36	37	+ 2	+ 162	14	31	36	36
Shipbuilding.....	293	413	411	427	+ 4	+ 46	299	413	432	436
Silk manufactures.....	80	92	82	69	- 16	- 14	82	93	84	71
Woolen and worsteds.....	58	65	68	55	- 18	- 4	59	71	63	56
Cotton products.....	44	56	52	53	+ 2	+ 20	45	59	56	54
Carpets and rugs.....	133	126	150	132	- 12	- 7	125	144	141	124
Hosiery.....	102	103	106	94	- 12	- 8	106	117	103	98
Underwear.....	129	155	150	141	- 6	+ 10	126	157	148	138
Cement.....	29	69	68	46	-33	+ 60	20	68	56	32
Brick.....	35r	58	53r	51	- 4	+ 45	33	57	52r	48
Lumber and products.....	26	30	29	28	- 4	+ 9	24	30	29	26
Bread and bakery products.....					- 0*	- 2*	87	90	86	86
Slaughtering, meat packing.....	94	97	99	101	+ 2	+ 8	103	108	107	111
Sugar refining.....	96	112	84	112	+ 32	+ 16	66	73	55	77
Canning and preserving.....	54	58	60	59p	- 1	+ 10	52	64	60	59p
Cigars.....	87	93	104	110	+ 5	+ 26	71	111	75	90
Paper and wood pulp.....	68	81	81r	79	- 2	+ 15	67	81	81	78
Printing and publishing.....	87	91	94	90	- 5	+ 3	87	92	95	90
Shoes.....	133	144	148	131	- 11	- 2	136	136	125	134
Leather, goat and kid.....	87	100	86	82p	- 4	- 5	92	97	94	87p
Explosives.....	68	105	110	91	- 17	+ 34	68	105	109	91
Paints and varnishes.....	79	83	86	86	- 1	+ 8	71	85	84	77
Petroleum products.....	156	170	175	168p	- 4	+ 8	154	171	175	166p
Coke, by-product.....	100	146	145	140	- 3	+ 40	100	141	141	140

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised

